

LAKE FOREST REDEVELOPMENT AGENCY



Operating Budget
Fiscal Year 2010-11

OPERATING BUDGET FISCAL YEAR 2010-11

Board of Directors

Peter Herzog, Chair
Richard T. Dixon, Vice Chair
Kathryn McCullough, Board Member
Marcia Rudolph, Board Member
Mark Tettemer, Board Member

Staff Members

Robert C. Dunek, Executive Director

Gayle Ackerman, Director of Development Services
Elizabeth E. Andrew, Director of Finance/Agency Treasurer
David E. Belmer, Deputy Executive Director
Debra Rose, Director of Management Services
Scott C. Smith, Agency Attorney
Robert L. Woodings, Director of Public Works/City Engineer

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City of Lake Forest Redevelopment Agency

CHAIRMAN
Peter Herzog

VICE CHAIRMAN
Richard T. Dixon

AGENCY MEMBERS
Kathryn McCullough
Marcia Rudolph
Mark Tettemer

EXECUTIVE DIRECTOR
Robert C. Dunek

June 15, 2010

Honorable Chairman and Members of the Agency:

I am pleased to present the Lake Forest Redevelopment Agency's ("Agency") Budget for Fiscal Year 2010-2011 for your review and approval. The Agency's work program reflects the goals and objectives in the Redevelopment Plan which includes activities related to redevelopment, economic development, and housing. The activities performed by the Agency are consistent with all applicable laws and sound management practices.

Fiscal Year 2009-10 in Review

In Fiscal Year 2009-10, the Agency received property tax increment payments from the County of Orange totaling \$5.4 million. During the year, \$1.6 million was passed through the Agency to other taxing agencies. Of that amount, the Saddleback Valley Unified School District received \$1.2 million, the South Orange County Community College District \$0.2 million, and the Orange County Flood Control District \$0.1 million. The City of Laguna Hills received an annual payment totaling \$58,713. In addition, this year was the first in which the Agency was required to make statutory payments as a result of its SB 211 Amendment. These payments totaled just under \$25,000. Pursuant to requirements of Community Redevelopment Law, the Agency set aside 20% of its gross tax increment, totaling \$1 million, into the Low and Moderate Housing Income Fund.

Regrettably, the California Superior Court ruled against the California Redevelopment Association ("CRA") in its lawsuit to prevent a \$2.05 billion shift of redevelopment funds. As a result, the Agency was forced to make a payment, totaling \$1,209,535, to the County Auditor-Controller's Office. The payment was made by deferring the Agency's FY2009-10 Housing Fund deposit and using non-housing funds to cover the remaining balance.

Redevelopment

The ongoing revitalization of the El Toro Redevelopment Project Area continues to be a high priority for the Redevelopment Agency. Working cooperatively with property owners and other stakeholders to advance the revitalization of commercial shopping is an important goal of the Agency. During the fiscal year, the Agency undertook a number of activities to advance objectives that will ensure the continued success of the commercial corridor.

Redevelopment

The ongoing revitalization of the El Toro Redevelopment Project Area continues to be a high priority for the Agency. Working cooperatively with property owners and other stakeholders to advance the revitalization of commercial shopping is an important goal of the Agency. During the fiscal year, the Agency undertook a number of activities to advance objectives that will ensure the continued success of the commercial corridor.

To guide immediate and future redevelopment efforts in the El Toro Project Area ("Project Area"), the Agency adopted a new 5-Year Implementation Plan and 10-Year Affordable Housing Compliance Plan ("Plan"). The Fiscal Year 2009-2014 Plan identifies future financial obligations of the Agency as well as projects and programs to advance the objectives of the Redevelopment Plan. Proposed activities in the Plan include the Commercial Façade Renovation Program, Phase I of the El Toro Road and Jeronimo Road Streetscape Projects, and a transitional housing partnership with Families Forward. Together, these projects, and others identified in the Plan, will allow the Agency to facilitate redevelopment and housing efforts in the Project Area.

In addition to identifying future projects, the Agency actively continued to work with property owners to facilitate new improvement projects. Working in conjunction with Development Services, the Agency successfully reviewed plans for exterior improvements to a formerly-vacant tenant suite in the Hunter Court Shopping Center. Featuring a new color scheme, wood, stone elements, and a tower, the new Café Rio restaurant incorporates many of the craftsman elements found in the recently revitalized centers on El Toro Road. Representatives from Hunter Court report it has become a popular destination for patrons throughout Orange County and a great anchor tenant for the center.

In other parts of the Project Area, the Agency approved plans to renovate the former Vons center. The improvements include significant façade renovations, new landscaping, and improvements to the parking lot. The new anchor tenants, Fresh & Easy and Walgreens, plan to commence interior improvements as exterior renovations are being completed. Further south on El Toro Road, the Agency approved a 20,000 square foot expansion and renovation for Smart & Final in the Twin Peaks shopping center. The improvement plans include interior improvements that will add deli, bakery, and other services not currently offered by the store. In addition, the exterior façade renovations include various craftsman-themed

architectural elements that, once completed, will significantly enhance the appearance of the building.

In addition to improvements to private property, the Agency also continued its efforts to revitalize public buildings and infrastructure. During the year, the Agency continued negotiations of an agreement with the Orange County Public Library and the Friends of the Library for improvements to the El Toro Library. The improvements will facilitate pedestrian access and beautify the exterior of the building. Moreover, working in conjunction with Public Works, the Agency advanced design of various public infrastructure projects. In Fiscal Year 2009-10, Jeronimo Road, the Rockfield Streetscape Project, and El Toro Phase-I were reviewed by the Agency. The streetscape projects will incorporate traffic calming efforts and continue beautifying the public right-of-way in the Project Area.

The Agency also advanced revitalization efforts in the Light Industrial Area. In Fiscal Year 2009-10, the Agency approved a zoning amendment to preserve the light industrial character of the area, adopted design guidelines, and commenced construction of infrastructure improvements. Additionally, the Agency continued to explore potential partnership opportunities to encourage and achieve revitalization opportunities.

Economic Development

As part of its efforts to enhance business growth and expansion, the Agency proactively engages the business community in a variety of economic development activities. The City and Agency conducted business visitations, published two new editions of the *In Business* newsletter, and continued to conduct business seminars and events, including the Business Appreciation Luncheon. Additionally, business development and attraction efforts were bolstered through the Shop and Dine Lake Forest campaign. In Fiscal Year 2009-10, the Agency continued working diligently to expand the list of services and programs it offers by working to enhance business marketing and communications.

In January, the Agency executed an agreement with the new Lake Forest Chamber of Commerce ("Chamber"). The new partnership between the City and the Chamber was spearheaded by a committee comprised of Council Members and local business owners. The creation of the new Chamber represents enhanced opportunities for the local business community. At its inaugural event, the Chamber hosted over 150 representatives from various companies throughout the City. Additionally,

representatives of the Chamber report their membership continues to grow steadily.

Also during the year, the Agency completed two key projects to enhance the City's ability to market itself proactively as a premier destination in Orange County and as the *Natural Choice for Business*. The Economic Development video, featuring prominent representatives from some of the City's largest businesses was created to showcase the City's business-friendly philosophy. It premiered at the Business Appreciation Luncheon in October. In addition, the Agency created a new Economic Development Website. Envisioned as an integral marketing component, the website was designed to serve existing local businesses and attract new businesses to the City. The website features a dynamic new design and includes many exciting features such as Commercial Properties Now, a new Shop & Dine Area Map, and a Broker's Toolbox.

Housing/Community Development Block Grant

During Fiscal Year 2009-10, the Agency continued its focus on improving the appearance and integrity of residential neighborhoods through the Housing Rehabilitation Loan Program. Since inception, the program rehabilitated 165 mobile homes and 66 single-family homes. In Fiscal Year 2008-09, the Agency expanded the program by providing additional loans through the use of Agency set-aside funds. This allowed the program to be extended for homeowners who would not have otherwise qualified under the Community Development Block Grant Guidelines. In Fiscal Year 2009-10, the expanded program continued to provide flexibility in loan limit amounts resulting in 20 loans.

The Agency continued to oversee projects to improve the quality of life for residents through the Community Development Block Grant (CDBG) program. During the year, projects funded by CDBG included the Housing Rehabilitation Loan Program and Phase IV of the ADA Access Ramp Improvement Project. Additionally, the Agency continued to implement the Neighborhood Pride Paint Program.

To address the need to provide affordable housing for families in transition, the Agency successfully formalized an Affordable Housing Agreement with a non-profit organization called Families Forward. Under the terms of the partnership, the Agency acquired two transitional housing units located in the El Toro Project Area. Families Forward will operate the transitional living program which benefits families facing homelessness. Families

Forward helps these families get re-established by providing housing, counseling, career coaching, life-skills training, and referral services.

Fiscal Year 2010-11 Overview

The Agency is estimated to receive nearly \$4.8 million in property tax increment revenue in Fiscal Year 2010-11. This estimate is based on amounts received in Fiscal Year 2009-10 with a reduction in consideration of declining property value assessments in the El Toro Project Area. Although a decrease in property tax increment revenue is projected from the previous year, the Agency is well-positioned to meet its goals and objectives. In addition, should the appeal of the decision against CRA not prove successful, the Agency would be required to make a second Supplemental Educational Revenue Augmentation Fund ("SERAF") payment of approximately \$250,000. The projected Fiscal Year 2010-11 tax increment sufficiently covers all proposed operating costs and allows the Agency to meet all pass-through obligations. Additionally, the Agency has sufficient fund balance to cover the cost of potential redevelopment opportunities that may become available.

In Fiscal Year 2010-11, the Agency will continue its commitment to facilitating redevelopment and revitalization along El Toro Road. The Agency will strengthen its partnerships with owners of key retail properties and work collaboratively to encourage private reinvestment, physical revitalization, business growth, and expansion. To this end, the Agency will continue outreach and discussions with key property owners in an effort to comprehensively evaluate redevelopment and revitalization opportunities in the El Toro Project Area. As a component of these efforts, the Agency will pursue opportunities to provide improvements to public facilities, explore agreements to enhance maintenance standards, and evaluate opportunities to partner with property owners to rehabilitate existing buildings.

As part of its revitalization efforts, the Agency will continue to implement the Revitalization Action Plan for the Light Industrial Area. The Agency will work with other City departments to continue improving the area through collaborative dialogue and partnerships. Also, the Agency will continue identifying and evaluating potential redevelopment opportunities for the retail centers in the Project Area. The Agency will engage property owners and leasehold owners in preliminary discussions to explore the possibility of partnerships.

To assist the City with construction of infrastructure projects in the Project Area, the Agency will fund the Jeronimo Road Streetscape Project and will evaluate the opportunity to partner with the City in funding the El Toro Road Phase I streetscape project. Together, these projects will continue to improve traffic conditions and beautify the roadways within the commercial corridor. Additionally, as funding allows, the Agency may also contribute to other eligible projects in the Project Area to offset expenditures to the General Fund.

In Fiscal Year 2010-11, the Agency will continue to enhance its efforts to serve the local business community. During the year, the Agency will prepare and present the scope of work for an Economic Development Strategy ("Strategy") for consideration by the City Council. Among other things, the Strategy will identify an approach to create enhanced opportunities for business retention and attraction. In other economic development efforts, the Agency will continue to implement its Business Development and Attraction Work Plan and work collaboratively with the new Lake Forest Chamber of Commerce. Through the use of its new website and Shop and Dine Lake Forest marketing campaign, the Agency will proactively reach out to the business community and continue promoting the City as a premiere business destination.

Work will also continue in pursuit of affordable housing opportunities addressing the City's need to alleviate or avoid the excess surplus in the Low and Moderate Housing Income Fund. The programs and projects identified in the Agency's adopted 10-Year Affordable Housing Compliance Plan will be presented for consideration by the Agency Board. Additionally, the Agency will actively work to identify other creative affordable housing opportunities which meet the housing needs of the community and contribute to the elimination of physical blight.

Lastly, the Agency will continue to work with the California Redevelopment Association ("CRA") and other organizations to protect and preserve the Agency's funding and limit restrictions on redevelopment activities. To that end, the Agency will continue corresponding with the CRA to identify and respond to legislative activities seeking to shift redevelopment funds or amend community redevelopment law to limit the potential redevelopment activities of the Agency.

During the coming year, the Agency will work diligently to complete all goals and objectives identified by the Board. Agency staff looks forward to working with the community and Agency Members in furthering the accomplishments of the past fiscal year and meeting new challenges that lie ahead.

Sincerely,

A handwritten signature in black ink, appearing to read "Dunek", with a long horizontal flourish extending to the right.

Robert C. Dunek
Executive Director

MAJOR ACCOMPLISHMENTS AND INITIATIVES

FISCAL YEAR 2009-10 MAJOR ACCOMPLISHMENTS

Board of Directors

1. Provided leadership and policy guidance to promote and implement the goals for the Redevelopment Project Area.

Executive Director

1. Provided executive guidance and oversight in the completion of commercial revitalization projects along El Toro Road.
2. Provided executive oversight during implementation of the Revitalization Action Plan for the Light Industrial Area ("LIA"), which included approval of LIA Design Guidelines, approval of a zoning amendment to eliminate heavy industrial uses not currently in operation, continued code enforcement efforts, completion of infrastructure improvements, and initiation of efforts to add landscaping to the railroad right-of-way.

Redevelopment/Economic Development

1. Led a City staff team to continue implementation of the Revitalization Action Plan for the Light Industrial Area.
2. Worked cooperatively with property owners to facilitate continued revitalization of commercial centers and to promote business growth and expansion in the Arbor.
3. Pursued affordable housing opportunities to alleviate or avoid excess surplus in the Low and Moderate Income Housing Fund and address the City/Agency's affordable housing needs.
4. Explored the potential of an Economic Development Strategy.
5. Implemented the Fiscal Year 2009-10 Business Development and Attraction Work Plan and formed a partnership with the new Lake Forest Chamber of Commerce.
6. Prepared Five-Year Implementation Plan Update, Ten-Year Affordable Housing Compliance Plan, and updated the Community Development Block Grant Consolidated Plan.
7. Evaluated opportunities and constraints for the Agency Parcel.

Agency Attorney

1. Advised staff on a potential update to the Agency's Policies and Procedures for Conformance Review.
2. Advised Agency regarding implementation of the City's Community Development Block Grant Program and preparation of all required reports.

FISCAL YEAR 2009-10 MAJOR ACCOMPLISHMENTS (continued)

Agency Attorney (continued)

3. Assisted the Agency with contracting with a transitional housing provider.
4. Prepared appropriate documents to acquire two properties subsequently leased to a transitional housing provider.
5. Advised Agency regarding the potential formation of a housing authority.
6. Reviewed State budget legislation and advised Agency regarding required AB 1389 payments and Supplemental Educational Revenue Augmentation Fund transfers.
7. Reviewed and revised Rehabilitation Loan Program documents.
8. Advised Agency regarding negotiation with County for improvements to El Toro Library.
9. Assisted with the drafting of the Agency's Annual Report, Excess Surplus Plan, and Five-Year Implementation Plan.
10. Provided ongoing updates to staff and Agency regarding changes in redevelopment law and related pending litigation.

Finance

1. Implemented SB 211 pass-through payments for taxing agencies.
2. Assisted Agency with AB 1389 reporting requirements.

Development Services

1. Assisted the Agency with planning issues associated with the Agency-owned parcel north of El Toro Road.
2. Assisted the Agency with revitalization efforts in the Light Industrial Area including a zoning amendment and the adoption of design guidelines.
3. Assisted the Agency with planning-related issues for potential revitalization opportunities in the Project Area.

Public Works

1. Advanced projects identified in the Capital Improvement Projects Budget including El Toro Road Streetscape Project Phase I, Rockfield Streetscape Project, Jeronimo Road Streetscape Project Phase I, El Toro Park Improvements, and Heroes Park Snack Bar and Restroom Project.
2. Advanced Phase IV of the Americans With Disabilities Act Access Ramp Improvement Project.
3. Completed construction of new streetlights on Muirlands Boulevard.

FISCAL YEAR 2009-10 MAJOR ACCOMPLISHMENTS (continued)

Public Works (continued)

4. Responded to request for service to maintain and improve public facilities.
5. Initiated construction of Front Street and Orange Street Improvements in the Light Industrial Area.

FISCAL YEAR 2010-11 MAJOR INITIATIVES

Board of Directors

1. Continue to provide leadership and direction for the Lake Forest Redevelopment Agency.

Executive Director

1. Continue to provide executive leadership for future redevelopment opportunities along El Toro Road.
2. Provide executive leadership to avoid or eliminate excess surplus in the Low and Moderate Income Housing Fund.

Redevelopment/Economic Development

1. Continue to implement the Revitalization Action Plan for the Light Industrial Area.
2. Work cooperatively with property owners to facilitate continued revitalization of commercial centers and to promote business growth and expansion in Redevelopment Project Area.
3. Pursue affordable housing opportunities to alleviate or avoid excess surplus in the Low and Moderate Income Housing Fund and address the City/Agency's affordable housing needs.
4. Present an Economic Development Strategy for City Council consideration.
5. Implement the Fiscal Year 2010-11 Business Development and Attraction Work Plan including advancing the City's enhanced partnership with the Lake Forest Chamber of Commerce.
6. Pursue the potential sale of the Agency Parcel.
7. To the extent possible, continue to be a funding partner with the City on streetscape and infrastructure improvements in the Redevelopment Project Area.
8. Work with the California Redevelopment Association to protect and preserve the Agency's funding and limit restrictions on redevelopment activities.

Agency Attorney

1. Draft agreements and related documents to assist staff in pursuing affordable housing opportunities to avoid or eliminate excess surplus in the Low and Moderate Income Housing Fund and address the City/Agency's affordable housing needs.
2. Continue to work with staff to explore comprehensive redevelopment opportunities on El Toro Road.

FISCAL YEAR 2010-11 MAJOR INITIATIVES (continued)

Agency Attorney (continued)

3. Assist the Agency with the ongoing evolution of the Project Area, including rehabilitation of existing centers and development of new projects, with services including transactional real estate, facility finance, public contracting advice, and subdivision map assistance.
4. Continue to work on community preservation and beautification through the code enforcement process.

Finance

1. Continue to assist the Agency by processing all pass-through obligations.
2. Continue to assist the Agency with financial reporting related to AB 1389.
3. Coordinate Agency financing for infrastructure projects in the El Toro Project Area.
4. Implement the use of purchasing cards to streamline the purchasing process.

Development Services

1. Continue to support Agency with planning-related issues for potential revitalization opportunities in the Project Area.
2. Continue to support Agency with the implementation of the Revitalization Action Plan for the Light Industrial Area.
3. Process development applications for new construction and tenant improvements within the Project Area.
4. Work with the Agency to expand neighborhood outreach, stabilization, and revitalization programs in the Project Area.

Public Works

1. Advance construction of El Toro Road Phase I, Jeronimo Road Streetscape Phase 1, and the Rockfield Streetscape Project.
2. Complete Phase IV of the Americans With Disabilities Act Access Ramp Improvement Project.
3. Continue to respond to request for service to maintain and improve public facilities.
4. Complete construction of Whisler Drive and other improvements in the Light Industrial Area.

SUMMARY of REVENUES, EXPENDITURES, TRANSFERS, and FUND BALANCES

	Available Fund Balances July 1, 2010	Revenues	Total Funds Available	Expenditures		Total Expenditures	Transfers In/(Out)	Available Fund Balances June 30, 2011
				Operating	Capital Projects			
Operating Fund				\$1,081,200		\$1,081,200	\$1,081,200	\$0
Low and Moderate Income Housing Fund	\$2,332,104	\$948,500	\$3,280,604	511,200		511,200		\$2,769,404
Debt Service Fund	4,520,230	4,080,000	8,600,230	1,645,700		1,645,700	(1,628,300)	5,326,230
Totals	\$6,852,334	\$5,028,500	\$11,880,834	\$3,238,100	\$0	\$3,238,100	(\$547,100) *	\$8,095,634

* This amount consists of a transfer to the City's Financing Authority for debt service on the 2004 Certificates of Participation.

COMBINED REVENUES

Description	Actual 2008-09	Adopted Budget 2009-10	Estimated 2009-10	Adopted Budget 2010-11
Operating Fund:				
Reimbursements	\$1,260			
Subtotal	1,260	\$0	\$0	\$0
Low and Moderate Income Housing Fund:				
Property Tax Increment	923,613	933,000	990,100	892,000
Loan Repayments			200	
Interest Income	91,657	50,000	50,000	50,000
Reimbursements			2,200	6,500
Subtotal	1,015,270	983,000	1,042,500	948,500
Debt Service Fund:				
Property Tax Increment	4,162,842	4,235,000	4,410,600	3,970,000
Interest Income	169,984	130,000	110,000	110,000
Subtotal	4,332,826	4,365,000	4,520,600	4,080,000
Total	\$5,349,356	\$5,348,000	\$5,563,100	\$5,028,500

COMBINED DEPARTMENTAL EXPENDITURES

Department	Personnel & Benefits	Operations & Maintenance	Contractual Services	Totals
Board of Directors	\$3,600			\$3,600
Executive Director	41,800	\$2,500	\$6,000	50,300
Redevelopment/ Economic Development	476,300	1,751,500	626,300	2,854,100
Agency Attorney			92,000	92,000
Finance	43,500	800	15,300	59,600
Development Services	115,700	1,200		116,900
Public Works	32,100	800		32,900
Management Services	28,500	200		28,700
Grand Total	<u>\$741,500</u>	<u>\$1,757,000</u>	<u>\$739,600</u>	<u>\$3,238,100</u>

PERSONNEL SUMMARY

Position	Fiscal Year 2009-10	Fiscal Year 2010-11
	Full Time*	Full Time*
Executive Director:		
Executive Director	0.15	0.15
Subtotal	0.15	0.15
Redevelopment/Economic Development:		
Deputy Executive Director	0.50	0.60
Redevelopment Project Manager	1.00	1.00
Management Analyst	0.60	0.60
Economic Development Specialist	0.40	0.40
Housing Manager	0.66	0.67
Administrative Secretary	0.20	0.20
Subtotal	3.36	3.47
Finance:		
Director of Finance/Agency Treasurer	0.10	0.10
Accounting Manager	0.05	0.05
Contracts/Purchasing Administrator	0.02	
Accountant	0.10	0.10
Senior Accounting Technician	0.05	0.05
Accounting Technician	0.05	0.05
Administrative Secretary	0.02	0.02
Subtotal	0.39	0.37
Development Services:		
Director of Development Services	0.05	0.05
Planning Manager	0.10	0.10
Senior Planners	0.15	0.15
Associate Planner	0.10	0.10
Assistant Planner	0.10	0.10
Code Enforcement Supervisor	0.10	0.10
Code Enforcement Officer	0.50	0.50
Subtotal	1.10	1.10

PERSONNEL SUMMARY (continued)

	Fiscal Year 2009-10	Fiscal Year 2010-11
Position	Full Time*	Full Time*
Public Works:		
Director of Public Works	0.05	0.05
Engineering Services Manager	0.05	0.05
Principal Civil Engineer	0.05	0.05
Public Works Manager	0.05	0.05
Subtotal	0.20	0.20
Management Services:		
Management Analyst		0.05
Agency Secretary	0.10	0.10
Assistant Agency Secretary	0.05	0.05
Records Specialist	0.10	0.10
Subtotal	0.25	0.30
Agency Total	5.45	5.59

* These amounts represent estimates made by departments in regard to time to be spent on redevelopment projects and processes.

BOARD OF DIRECTORS BUDGET DETAIL

Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
<u>Personnel:</u>				
Board Members (5)	\$3,150	\$3,600	\$3,600	\$3,600
Subtotal	3,150	3,600	3,600	3,600
Activity Total	\$3,150	\$3,600	\$3,600	\$3,600
Funding Source:				
Operating Fund	\$3,150	\$3,600	\$3,600	\$3,600

<p align="center">EXECUTIVE DIRECTOR BUDGET DETAIL</p>

Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
<u>Personnel:</u>				
Full-Time Personnel	\$22,907	\$34,200	\$33,900	\$33,900
Medicare	332	500	500	500
Retirement	4,868	6,300	5,100	5,100
Health Insurance	2,400	2,900	2,300	2,300
Subtotal	30,507	43,900	41,800	41,800
<u>Operation and Maintenance:</u>				
Travel, Conferences, and Meetings		1,500	1,500	1,500
Auto Allowance			1,000	1,000
Software Licenses and Maintenance		500		
Subtotal	0	2,000	2,500	2,500
<u>Contract Services</u>				
Miscellaneous		6,000	6,000	6,000
Subtotal	0	6,000	6,000	6,000
Activity Total	\$30,507	\$51,900	\$50,300	\$50,300
 Funding Source:				
Operating Fund	\$30,507	\$51,900	\$50,300	\$50,300

REDEVELOPMENT/ECONOMIC DEVELOPMENT BUDGET DETAIL

Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
Personnel:				
Full-Time Personnel	\$221,744	\$326,400	\$346,800	\$346,800
Part-Time Personnel	3,289	20,200	13,600	13,600
Temporary Personnel		1,300	6,600	6,600
Medicare	3,341	5,000	5,300	5,300
Retirement	41,680	60,700	51,900	51,900
Health Insurance	31,238	51,900	52,100	52,100
Subtotal	301,292	465,500	476,300	476,300
Operation and Maintenance:				
Memberships and Dues	3,152	3,800	3,700	3,700
Training and Education	590	4,100	4,100	4,100
Travel, Conferences, and Meetings	2,867	6,400	500	500
Auto Allowance	6,900	9,900	10,100	10,100
Operating Supplies	3,818	3,700	3,700	3,700
Printing and Duplicating	620	5,700	3,100	3,100
Postage and Deliveries	1,080	1,300	1,400	1,400
Subscriptions and Books	1,794	2,500	2,200	2,200
Telephone and Other	1,024	800	900	900
City Hall Rent	32,422	36,600	37,400	37,400
Equipment Rentals and Leases	1,643	1,100	1,200	1,200
Building Maintenance			20,000	20,000
Miscellaneous Maintenance			5,000	5,000
Equipment Maintenance	1,127	800	700	700
Website Update Services		4,500	1,500	1,500
Covenant Agreements	90,000			
Insurance - Liability	12,381	9,500	5,400	5,400
Insurance - Workers' Compensation	1,553	2,300	4,900	4,900
Inflation and Pass-Through Payments:				
South Orange County Community College District	200,565	210,000	175,600	175,600
Saddleback Valley Unified School District	1,114,202	1,170,000	995,200	995,200

REDEVELOPMENT/ECONOMIC DEVELOPMENT BUDGET DETAIL (continued)

Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
Operations and Maintenance (continued):				
Inflation and Pass-Through				
Payments (continued):				
Orange County Flood Control				
District	109,511	120,000	110,600	110,600
City of Laguna Hills	61,771	63,500	83,100	83,100
211 Amendment Agencies		33,100	400	400
State Theft of Redevelopment				
Funds				248,800
Subtotal	1,486,049	1,596,600	1,364,900	1,613,700
Interest Expense - City Loan	30,090	51,300	32,000	32,000
Subtotal	1,677,110	1,740,900	1,502,700	1,751,500
Contract Services:				
Redevelopment	231,344	196,000	170,000	170,000
Legal	15,898	40,000		
Housing		15,000	15,000	15,000
General			1,800	1,800
Housing Rehabilitation Loans	102,000	150,000	180,000	180,000
Rehabilitation Loan Fees	3,116	12,000	7,000	7,000
Rehabilitation Loan Services	23,127	21,000	28,500	28,500
Communications	13,823	33,000	24,000	24,000
Commercial Façade				
Rehabilitation Loans		175,000	200,000	200,000
Subtotal	389,308	642,000	626,300	626,300
Capital Outlay:				
Equipment	1,853			
Furniture	175			
Subtotal	2,028	0	0	0
Activity Total	\$2,369,738	\$2,848,400	\$2,605,300	\$2,854,100
Funding Source:				
Operating Fund	\$549,434	\$760,300	\$737,200	\$737,200
Debt Service Fund	1,516,139	1,647,900	1,396,900	1,645,700
Low and Moderate Income				
Housing Fund	304,165	440,200	471,200	471,200

<p align="center">AGENCY ATTORNEY BUDGET DETAIL</p>
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Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
<u>Contract Services:</u>				
Professional Services - Legal	\$57,780	\$52,000	\$92,000	\$92,000
Subtotal	57,780	52,000	92,000	92,000
Activity Total	\$57,780	\$52,000	\$92,000	\$92,000
Funding Source:				
Operating Fund	\$57,780	\$52,000	\$52,000	\$52,000
Low and Moderate Income Housing Fund			\$40,000	\$40,000

<p style="text-align: center;">FINANCE BUDGET DETAIL</p>
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Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
<u>Personnel:</u>				
Full-Time Personnel	\$5,199	\$34,800	\$32,600	\$32,600
Medicare	75	500	500	500
Retirement	905	6,400	4,900	4,900
Health Insurance	1,256	5,900	5,500	5,500
Subtotal	7,435	47,600	43,500	43,500
<u>Operation and Maintenance:</u>				
Auto Allowance			800	800
Subtotal			800	800
<u>Contract Services:</u>				
Auditing	8,825	13,000	13,000	13,000
Consulting Services - General		2,000	2,300	2,300
Subtotal	8,825	15,000	15,300	15,300
Activity Total	\$16,260	\$62,600	\$59,600	\$59,600
 Funding Source:				
Operating Fund	\$16,260	\$62,600	\$59,600	\$59,600

<p align="center">DEVELOPMENT SERVICES BUDGET DETAIL</p>
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Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
<u>Personnel:</u>				
Full-Time Personnel	\$21,584	\$83,600	\$85,300	\$85,300
Medicare	313	1,200	1,200	1,200
Retirement	3,747	15,400	12,700	12,700
Health Insurance	2,683	16,400	16,500	16,500
Subtotal	28,327	116,600	115,700	115,700
<u>Operations and Maintenance:</u>				
Auto Allowance			1,200	1,200
Subtotal	0	0	1,200	1,200
Activity Total	\$28,327	\$116,600	\$116,900	\$116,900
 Funding Source:				
Operating Fund	\$28,327	\$116,600	\$116,900	\$116,900

PUBLIC WORKS BUDGET DETAIL

Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
<u>Personnel:</u>				
Full-Time Personnel		\$23,400	\$23,700	\$23,700
Medicare		400	400	400
Retirement		4,300	3,500	3,500
Health Insurance		3,100	4,500	4,500
Subtotal	0	31,200	32,100	32,100
<u>Operations and Maintenance:</u>				
Auto Allowance			800	800
Subtotal	0	0	800	800
Activity Total	\$0	\$31,200	\$32,900	\$32,900
<u>Funding Source:</u>				
Operating Fund		\$31,200	\$32,900	\$32,900

<p align="center">MANAGEMENT SERVICES BUDGET DETAIL</p>
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Expense Classification	Actual 2008-09¹	Adopted Budget 2009-10¹	Proposed 2010-11	Adopted Budget 2010-11
Personnel:				
Full-Time Personnel	\$1,832	\$18,400	\$20,200	\$20,200
Medicare	27	300	300	300
Retirement	325	3,400	3,100	3,100
Health Insurance	308	3,800	4,900	4,900
Subtotal	2,492	25,900	28,500	28,500
Operation and Maintenance:				
Auto Allowance			200	200
Subtotal			200	200
Activity Total	\$2,492	\$25,900	\$28,700	\$28,700
Funding Source:				
Operating Fund	\$2,492	\$25,900	\$28,700	\$28,700

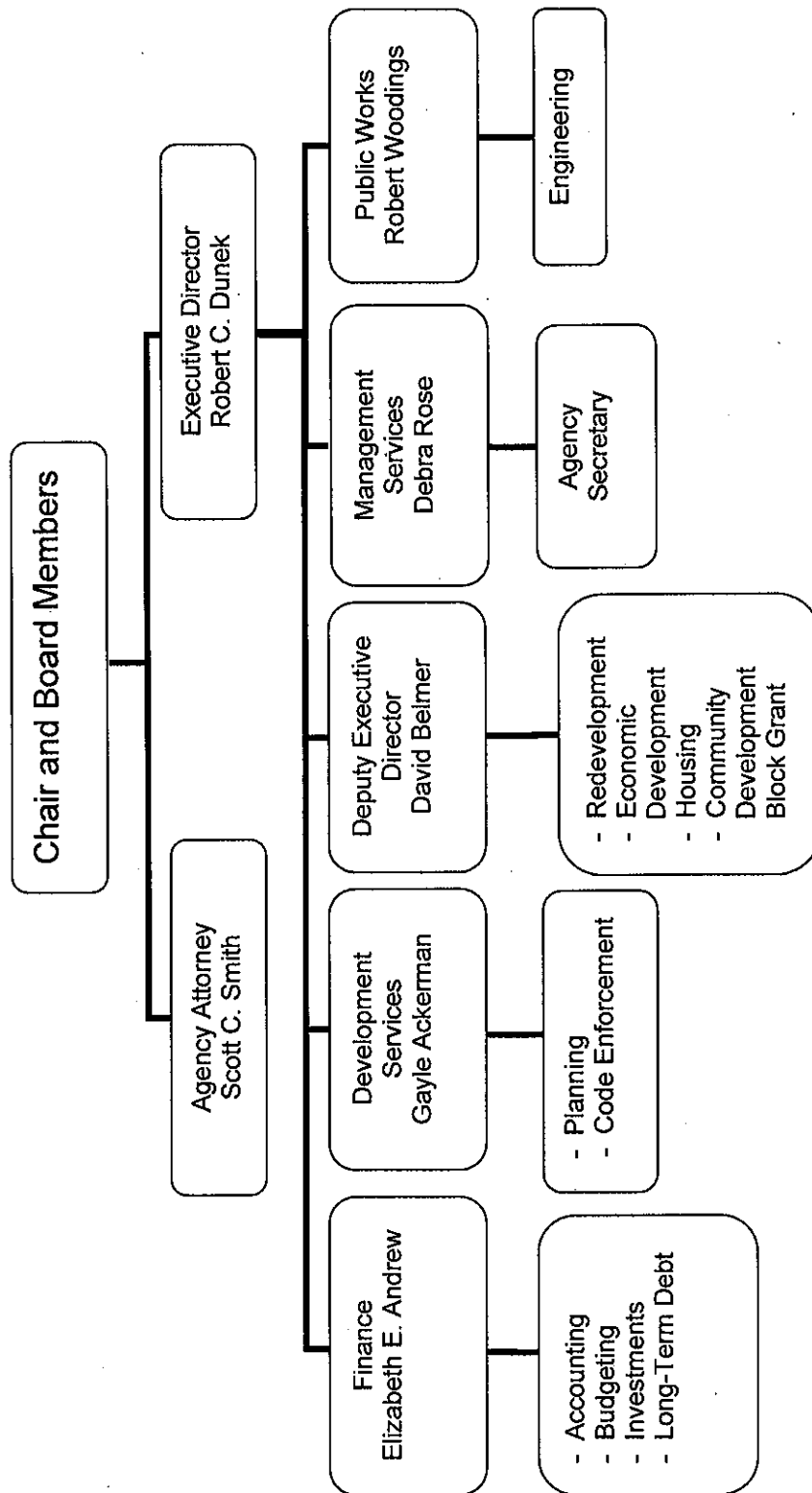
¹ Prior to Fiscal Year 2010-11, Agency Secretary costs were reported in a separate department. During Fiscal Year 2009-10, the Agency Secretary Department became a division of the Management Services Department. Agency Secretary costs prior to Fiscal Year 2010-11 are reflected in the Management Services Department herein.

<p align="center">CAPITAL PROJECTS BUDGET DETAIL*</p>
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Expense Classification	Actual 2008-09	Adopted Budget 2009-10	Proposed 2010-11	Adopted Budget 2010-11
Light Industrial Area Street Improvements	\$63,805			
Jeronimo Road Streetscape Project - Phase 1		\$900,000		
Activity Total	<u>\$63,805</u>	<u>\$900,000</u>	<u>\$0</u>	<u>\$0</u>
Funding Source(s):				
Operating Fund	\$63,805	\$900,000		

* These expenditures are formally adopted in the Two-Year Capital Improvement Projects Budgets.

REDEVELOPMENT AGENCY FISCAL YEAR 2010-11 ORGANIZATIONAL CHART



GLOSSARY OF BUDGET TERMS

Amendment An amendment is a change in the budget which occurs after its initial adoption. Such a change will consist of an increase or decrease in revenue which is recognized or in the level of authorized expenditures. Some amendments may be implemented by Agency staff, but most require formal action by the Agency Board.

Appropriation An authorization by the Agency Board to generate expenditures and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation A dollar value placed on real estate or other property (by Orange County) as a basis for levying property taxes.

Audit A review of the Agency's accounts by internal audit staff or an independent auditing firm to substantiate fiscal year end funds, salaries, reserves and cash on hand.

Beginning/Ending (Unappropriated) Fund Balance Uncommitted resources available in a fund from the prior/current fiscal year after payment of the prior/current fiscal year's expenditures/expenses. This is not necessarily cash on hand.

Bond An Agency may raise capital by issuing a written promise to pay a specific sum of money, called the face value or principal amount, at a specific date or dates in the future, together with periodic interest at a special rate.

Budget A fiscal plan of financial operation listing an estimate of proposed applications or expenditures/expenses and the proposed means of financing them for a particular time period. The budget is proposed until it has been approved by the Agency Board.

Capital Improvement Project A permanent addition to the Agency's assets, including the design, construction or purchase of land, buildings or facilities, or major renovations of the same.

Capital Improvement Program A financial plan of proposed capital improvement projects with single- and multiple-year capital expenditures/expenses.

Capital Outlay A budget appropriation category which budgets all equipment having a unit cost of more than a pre-approved amount and an estimated useful life over a pre-approved period.

Capital Project Funds These funds are used to account for capital outlays funded by departments and/or general bonded debt service.

Executive Director's Budget Message A general discussion of the proposed/approved budget. The letter contains an explanation of principal budget items and summaries.

Debt Service Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, Certificates of Participation (COPs) or interagency debt.

Debt Service Funds This fund type is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit An excess of expenditures or expenses over revenues (resources).

Department An organizational unit comprised of divisions or programs. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

Division A sub-section (or activity) within a department which furthers the objectives of the Agency Board by providing specific services.

Encumbrances A legal obligation to pay funds (purchase orders), the expenditure/expense of which has not yet occurred. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Expenditure The actual spending of governmental funds set aside by appropriation.

Fiscal Year A twelve-month period of time to which a budget applies. In the Redevelopment Agency, the fiscal year is July 1 through June 30.

Full-Time Position A full-time position is one in which an employee is budgeted to work 40 hours per week or 2,080 hours each year. All full-time positions receive benefits such as holidays, vacations, sick pay, retirement, health insurance, etc.

Fund An independent fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance The amount of financial resources available for use. Generally, this represents the detail of all the annual operating surpluses and deficits since the fund's inception. Portions of fund balance can be designated or reserved for specific purposes.

Grant Contributions, gifts of cash, or other assets from another governmental entity to be expended for specific purpose, activity, or facility. An example is the Community Development Block Grant (CDBG) provided by the Federal government.

Interfund Transfer Money transferred from one fund to another. Such money is transferred to finance the operations of another fund or to reimburse the fund for certain costs.

Line-Item A line-item is the detailed grouping of expenditures used in the Agency's accounting system. It is subordinate to expense category. Typical line items are: professional services, office supplies, travel, postage, office equipment, etc.

Municipal Code A book which contains the Agency Board-approved ordinances currently in effect. The Code defines Agency policy with respect to areas such as planning, etc.

Ordinance A formal legislative enactment by the Agency Board. It has the full force and effect of law within Agency boundaries unless pre-empted by a higher form of law. An ordinance has a higher legal standing than a resolution.

Project Area A redevelopment project area is an area of the Agency which has been established by the adoption of a Redevelopment Plan and within which the Redevelopment Agency is authorized to use special powers granted by State law.

Reclassification The City maintains a classification system for all positions which establishes job titles, general duties/responsibilities and compensation. Occasionally, employees are found to be working tasks or functions which fall outside their existing classification. When this occurs, a study is conducted by the Human Resources Manager and a recommendation is made for the proper classification.

Redevelopment This term refers to activities undertaken to renovate blighted areas within the City and to provide housing to low and moderate income persons. Blight consists of a variety of conditions which constitute a serious physical, social and economic burden on the community which cannot be corrected by private enterprise acting alone. Redevelopment activities may include, but are not limited to, the acquisition and conveyance of property, site clearance and the provision of streets, utilities, parks and other public improvements.

Reimbursement Payment of amount remitted on behalf of another party, department, or fund.

Reserve An account used to record a portion of the fund balance as legally segregated for a specific use.

Resolution A special order of the Agency Board which has lower legal standing than an ordinance.

Salaries and Benefits A budget category which generally accounts for full-time and temporary employees, overtime expenses, and all employee benefits, such as medical, dental and retirement.

Special Revenue Fund This fund collects revenue which is restricted by the Agency, State, or Federal government as to how the Agency might spend it.

Tax A tax is a levy imposed by a local government in conformance with the Government Code to raise revenue for public purposes. There are two types of taxes: general taxes imposed for general governmental purposes and special taxes imposed for specific purposes.